



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

BOARD OF DIRECTORS

Sri T.G.Venkatesh
Chairman and Managing Director

Sri M.P.Murti

Sri R.Loonkar
(Nominee of IFCI)

Sri K. Balarama Reddi
(Nominee of IREDA)

Sri S.Ramadoss
(Nominee of IDBI from 02.08.2001)

Smt P.S.Prema
(Nominee of IDBI upto 01.08.2001)

Sri P.N.Vedananarayanan

Sri S.Suryanarayanan

Sri G.Krishna Murthy

Sri O.D.Reddy

**Sr.VICE-PRESIDENT (P&A) AND
COMPANY SECRETARY**

Sri. N.Ramaswamy

BANKERS

Indian Bank
United Bank of India
The South Indian Bank Ltd.
State Bank of Travancore
The Federal Bank Ltd.
Canbank Factors Limited

LEGAL ADVISOR

Sri. N.Nagendranath Reddy

AUDITORS

Brahmayya & Co.
Chartered Accountants
Adoni - 518 301.

REGISTERED OFFICE & FACTORY

Gondiparla
Kurnool - 518 004 (A.P).

CORPORATE OFFICE

40-304, II Floor,
Krishna Jyothsna Complex
Bhagyanagar
Kurnool - 518 004 (A.P).

Contents	Page Nos.
Notice	2
Directors' Report	5
Auditor's Report	13
Balance Sheet	15
Profit & Loss Account	16
Schedules "A" to "I"	17 - 23
Schedules "1" to "7"	24 - 26
Notes to Accounts Schedule "J"	27 - 35
Cash Flow Statement	36

NOTICE

NOTICE is hereby given that the 20th Annual General Meeting of the Members of Sree Rayalaseema Alkalies and Allied Chemicals Limited will be held at the Registered Office of the Company at the factory premises, Gondiparla, Kurinool - 518 004 on Friday the 27th September, 2002 at 4.00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2002 and the Profit and Loss Account for the period ended on that date and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Sri.O.D.Reddy, who retires by rotation and is eligible for reappointment.
3. To appoint a Director in place of Sri.M.P.Murti, who retires by rotation and is eligible for reappointment.
4. To appoint Auditors and to fix their remuneration. In this connection, to consider and, if thought fit, to pass with or without modification the following as an ORDINARY RESOLUTION.

"RESOLVED THAT the retiring Auditors, M/s.Brahmayya & Co., Chartered Accountants, Adoni be and hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on a remuneration as decided by the Board of Directors as Audit fee exclusive of reimbursement of out of pocket expenses".

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution.

"RESOLVED THAT pursuant to section 17 and 31 and other applicable provisions of the Companies Act, 1956, Clause V(a) of Memorandum of Association and Article 7 of the Articles of Association of the company be and is hereby altered/modified to include the following. The Authorised Capital of the Company is Rs.55 Crores (Rupees Fifty Five Crores only) divided into:

5,50,00,000 Nos. (Five Crores and Fifty lakhs) of Equity Shares of Rs.10/- each totaling to Rs.55,00,00,000 (Rupees Fifty Five Crores only).

With the power of the Company to increase or reduce the said capital in accordance with the applicable provisions of the Companies Act, 1956 and to issue any part of its Capital, original or issued, with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions and so that unless the conditions of issue shall otherwise expressly declare, every issue of shares whether expressed to be preference or otherwise, shall be subject to the power, herein before contained by the regulations of the Company.

"RESOLVED FURTHER THAT the existing Clause V(a)(i)&(ii) and Article 7(i)&(ii) be and are hereby deleted".

To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution.

"RESOLVED THAT in accordance with Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and in accordance with the existing Guidelines of the Securities and Exchange Board of India (SEBI) and subject to all consents and permissions required from financial institutions and as required by law and subject to such conditions and modifications as may be imposed, and accepted by the Board of Directors of the Company (hereinafter referred "The Board", which terms shall include any Committee which the Board of Directors of the Company may constitute or may hereafter constitute) the consent of the Company be and is hereby accorded to the Board to offer to Sri T. G. Venkatesh and his family / the core promoters of the Company, and/or such nominees, as Sri T.G.Venkatesh and Associates may determine (hereinafter referred to as the Core Promoter Group) on private placement basis Rs.9 crores worth (Share price to be fixed by SEBI guidelines) equity shares of the Company of the face value of Rs.10/- each (hereinafter referred to as the promoters' issue) for cash and / or by conversion of unsecured loans of promoters into equity as follows:

- a. The issue price of the shares of face value of Rs.10/- each is determined at a price which is determined in accordance with the existing SEBI guidelines and duly certified by the Statutory Auditors of the Company. The relevant date for this purpose will be 28.08.2002 i.e., 30 days before the Annual General Meeting.
- b. The Board be and is hereby authorised to allocate the equity shares comprised in the Promoters' issue amongst the various members of the Core Promoter Group and upon such allocation shall issue to the respective members of the Core Promoter Group warrants or such other documents as the Board may decide, signifying the number of equity shares to which they are entitled, in such denominations as may be found convenient, setting out the principal terms and conditions of the offer of shares as laid down in the existing SEBI Guidelines and the procedure by which the holders of the said warrants / documents may pay for and take delivery of the equity shares of the face value of Rs.10/- each to which they are entitled in exchange for the warrants / documents on the express condition that if the said equity shares are not taken up and paid for in full within 18 months from the date of issue of the warrants, the warrants / documents shall lapse to the extent of shares not so taken up and paid for. The said warrants / documents are hereinafter referred to as the "Basic Warrants / Documents."
- c. In the event that prior to the allotment of equity shares to the members of the Core Promoter Group (including associates and Nominees) by exchange with the Basic Warrants / Documents, any further equity shares are issued and allotted by the Company to the holders of its existing equity shares as rights (hereinafter referred to as the said Rights Shares) and / or as bonus shares (hereinafter referred to as the said Bonus Shares) the



holders of the Basic Warrants / Documents shall be issued by the Board such additional warrants / documents (hereinafter referred to as the Additional Warrants / Documents) entitling the holders, to the extent of and subject to their taking up and paying for the shares offered under the Basic Warrants / Documents, to further equity shares in the same proportion as though the shares represented by the Basic Warrants / Documents, had been issued and paid for, and at the same price as the said Rights shares are offered and allotted to the holders of existing shares of the Company and / or shall be allotted the said Bonus Shares in the same proportion as the holders of the existing equity shares of the Company and this resolution shall be deemed to have authorised the Board in terms of Section 81 (1A) of the Companies Act, 1956, to offer and / or issue/or allot as many equity shares of the face value of Rs.10/- each of the Company as are required to satisfy the allotment of equity shares in respect of the Additional Warrants / Documents over and above the equity shares comprised in the promoters preferential issue and all such equity shares in exchange for Basic and Additional Warrants shall rank pari passu in all respects with the existing equity shares of the Company except that with respect to dividend declared for the financial year of the Company in which the said equity shares are allotted they shall qualify for dividend only on a pro rata basis from the date of allotment."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to settle all questions and matters arising out of, and incidental to the proposed offer and issue of equity shares and to take all steps which the Board, in its absolute discretion, considers, necessary, proper or expedient for implementing this resolution."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to make on its own accord or to accept such amendments, modifications, variations and alterations as the Government of India, Securities and Exchange Board of India and or Financial institutions may stipulate in that behalf and to amend, modify, vary or alter all or any of the terms of the promoters issue on such terms as the Board may in its absolute discretion decide within the Guidelines of the Securities and Exchange Board of India."

BY ORDER OF THE BOARD

Place : Hyderabad.

N. RAMASWAMY

Date : 30.07.2002

Sr.V.P (P&A) & Company Secretary

Notes:

1. A Member entitled to attend and vote at a Meeting is entitled to appoint one or more Proxies to attend and vote on a poll on his behalf and such Proxy need not be a Member of the Company. A Proxy Form is enclosed. Proxy Form in order to be effective, duly completed, must be received by the Company at the Registered Office not less than 48 hours before the time fixed for the Meeting.
2. Explanatory Statement as required under Section 173 of the Companies Act, 1956 is annexed hereto.
3. Members are requested to bring with them the Attendance Slip sent with the Annual Report duly completed and signed and hand it over at the entrance.
4. Pursuant to Sec.154 of the Companies Act, 1956 and clause 41 of listing Agreement, the Register of Members and Share Transfer books of the Company will remain closed for 8 days i.e., from 20.09.2002 to 27.09.2002 (both days inclusive).
5. Pursuant to the provisions of the erstwhile sub section (5) of Section 205-A of the Companies Act, 1956, the dividends upto the financial year 1994-95, which remained unclaimed, have been transferred to the General Revenue Account of the Central Government. The concerned Shareholders are requested to claim the amount from the Registrar of Companies, Hyderabad. In case any assistance is required, please write to the Company at its Registered Office. In accordance with the amended provisions of Section 205-A(5), (amended by the Companies (Amend) Ordinance, 1999), the unclaimed Dividends pertaining to the years 1995-96 and 1996-97, would remain with the Company for a period of 7 years, upon expiry of which they will be transferred to a Fund established by the Central Government called The Investor Education and Protection Fund.
6. Non-resident Indian Shareholders are requested to inform us immediately:
 - a) the change in the Residential Status on return to India for permanent settlement;
 - b) the particulars of NRE Account, if not furnished earlier.

Request to the Members:

1. Queries, if any, on Annual Accounts may please be forwarded to the Registered Office of the Company atleast 7 days before the date of the Annual General Meeting to enable us to prepare the answers well in advance.
2. Members are requested to quote Folio number in all correspondence.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

Item No: 5

To facilitate the company to issue equity shares to core promoters within the authorised capital, the unissued preferential share capital has been converted and clubbed into equity, so that the total authorised equity capital comes to 5,50,00,000 (Five Crore Fifty lakhs only) shares of Rs.10/- each amounting to Rs.55 crores (Fifty five crores only). For this purpose the Memorandum of Association and Articles of Association are required to be altered/amended. With this change the total authorised capital will not change. To implement this proposal a special resolution is required to be passed at the General Meeting by the members.

No Director is concerned or interested in this resolution.

Your Directors commend the resolution for your approval.

Item No.:

While restructuring the loans by IDBI and IFCI it was stipulated that the promoters should bring in fresh capital to the tune of Rs.5 crores. There is a balance of Rs.6.8 crores as unsecured loan to the company by promoters and their relatives and associates. They have expressed their desire to convert Rs.4 crores out of their unsecured loans placed with the company into equity. They also wish to bring in fresh capital of Rs.5 crores as stipulated by Financial Institutions. Thus a proposal for issuing equity shares to the tune of Rs.9 crores at a price to be determined as per SEBI Guidelines. Statutory Auditor's Certificate regarding issue price determination will be placed before the meeting for approval. The main object of the issue is to augment long term resource base and also to strengthen the net owned fund base of the Company.

The Company is proposing to issue warrants at the rate of Rs.10/- each entitling the promoters, their relatives and associates to convert the warrants into equity of Rs.10/- each in the ratio of 1:1 to the total value of Rs.900 lakhs. The above shares are proposed to be issued for cash to the tune of Rs.5 crores and by conversion of unsecured loans of promoters into equity to the tune of Rs.4 crores.

The holding of the existing core promoters group viz., T.G.Venkatesh his relatives and Associates (which inter alia, includes himself, his family members, T.G.V.Projects & Investments Pvt Ltd, Sree Rayalaseema Hi-Strength Hypo Ltd, Brilliant Industries Ltd, Sree Rayalaseema Dutch Kassenbouw Ltd and Nominees) will increase from 45.75% to 56.19% after preferential allotment.

The proposed preferential allotment as, aforesaid, would not result in any change in constitution of the Board of Directors or any change in control over your company.

The allotment of Warrants will be made within 3 months of the shareholders approval.

The issue of equity shares on Preferential basis will be made at a price not less than higher of the following:

- Average of the weekly high and low of the closing prices of the related shares quoted on the stock exchanges during the six months preceding the relevant date.
- Average of weekly high and low of the closing prices of the related shares quoted on the Stock Exchanges during the two weeks preceding the relevant date.

The issue is proposed to be made at par i.e., Rs.10/- per equity share on conversion of warrants which is higher than the price prescribed under SEBI guidelines.

There would be a corresponding variation in the voting rights in accordance with the enhancement of share holding of core promoters in post-preferential issue.

The share holding pattern of your company before and after preferential issue of Warrants/Shares would be as under:

	Existing %	Post Issue %
(a) Core Promoters Group	45.75	56.19
(b) Institutions/Banks	13.90	11.23
(c) Public & Others	40.35	32.58

The issue of warrants/shares, as aforesaid, shall be subject to necessary consents from Financial Institutions.

Section 81 of the Companies Act, 1956, and the Listing Agreement provides, inter alia, that when it is proposed to increase the issued capital for allotment of further shares it shall be offered to the existing shareholders of the Company unless the members of the Company by a special resolution in a General Body Meeting decide otherwise. Under the proposed special resolution consent of the shareholders is being sought pursuant to provisions of Sec. 81 (1A) and other applicable provisions of the Companies Act, 1956 and of the Listing Agreements to offer the proposed issue of warrants/shares on preferential basis, as aforesaid.

The material facts furnished above are in compliance with the provisions of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as amended from time to time.

Your Directors commend the resolution for your approval.

Sri T.G.Venkatesh is concerned or interested in this special resolution to the extent of the warrants that may be offered to core promoters of your Company.

Additional Information:

Details of Directors seeking reappointment at the forthcoming Annual General Meeting. (Pursuant to Clause 49 of the listing agreement)

Name	Date of Birth	Date of Appointment	Experience in Functional areas	Qualification	Directorship in other Public Ltd. Companies
Sri.O.D.Reddy	20.01.1948	Dec, 1996	Management & Admn. in Govt. undertakings	B.Sc. (Agr.)	—
Sri.M.P.Murti	01.12.1919	June, 1986	More than 35 years Industrial Experience at very senior level in Indian & Multinational Companies (Ex. M.D. of Union Carbide, International Division)	M.Sc., (Benares University) M.S (Case-Western U.S.A.)	Vibra Automet Ltd. Novopan Ind. Ltd. Reliance Cellulose Products Ltd. CIL Securities Ltd.



DIRECTORS' REPORT

Dear Members,

We have pleasure in presenting the Annual Report and the Audited statements of Accounts of the Company for the year ended 31st March, 2002.

OPERATIONS:

Your Directors are pleased to inform that there is an increase of 53% in turnover i.e. from Rs.16917 lacs to Rs.25809 lacs (excluding Internal Transfer) when compared to previous year. The increased turnover is mainly due to the increase in sales of other products like soap noodles, Resinolic Acid and Stearic Acid etc., of Fatty Acid division and increased activity at Bellary Power division.

DIVISION/SEGMENT WISE OPERATIONS:

The Caustic Division has produced 52640 MT (capacity utilisation 76%) of Caustic Soda as against 52099 MT (capacity utilisation 75%) for previous year. As against net sales of Rs.8096 lacs previous year, the current year sales comes to Rs.8743 lacs signifies an increase of 8%.

The Potassium Hydroxide division has produced 8783 MT (capacity utilisation 66%) of Potassium Hydroxide (KOH) as against 2938 MT (capacity utilisation 22%) for previous year. As against net sales of Rs.881 lacs previous year, the current year sales comes to Rs.2600 lacs signifies an increase of 195%.

The Castor Oil Division has made 5518 MT (Capacity utilisation 33%) of oil processing as against 4498 MT (Capacity utilisation 27%) for previous year. As against net sales of Rs.1907 lakhs in the previous year, the current year sales comes to Rs.1982 lacs signifies an increase of 3%.

The Fatty Acid Division has processed 9286 MT (Capacity utilisation 38%) during the year as against 7103 MT (Capacity utilisation 29%) oil processing. The sales of this division has increased from Rs.1322 lacs to Rs.2306 lacs signifies an increase of 74%.

The Bellary Power Project has exported 2024 lakhs KWH of Power (including deemed generation) to Karnataka Power Transmission Corporation Limited (KPTCL). This accounts for 83% of PLF compared to Guaranteed PLF at 75% (as per PPA). The sales of KPTCL (including deemed generation billing) amounts to Rs.7380 lakhs in the current year. During the year the Wind Farm at Ramgiri generated 30 lakhs KWH(Net) as against 29 lakhs KWH(Net) for the previous year.

OUTLOOK FOR THE CURRENT YEAR:

Segment wise discussion is furnished in Management Discussion and Analysis annexed to this report.

FINANCIAL RESULTS:

The Net Profit during the year under review is Rs.101.43 lacs as against Rs.80.17 lacs for the previous year signifies an increase of 25%. In view of the continuation of recessionary market conditions the Profits are still marginal.

	YEAR ENDED	
	31.03.2002 Rs.in lakhs	31.03.2001 Rs.in lakhs
Sales - Gross	25808.64	16916.54
Other Income	130.20	78.92
Profit on sale of Investments	0.00	1463.57
Increase/Decrease in Stocks	(47.56)	68.20
Total Income	25891.28	18527.23
Profit before Interest & Depreciation	5114.08	4196.50
Less: Interest	2588.62	2540.76
Profit before Depreciation	2525.46	1655.74
Less: Depreciation	2219.68	1549.36
Profit before Extraordinary items and Taxation	305.78	106.38
Less: Preliminary and Deferred Revenue Expenditure Written-off	217.08	57.62
Expenses/Income relating to Earlier Years (Net)	(28.49)	(31.41)
Profit Before Taxation	117.19	80.17
Less: Provision for Taxation(MAT)		
- for Current Year	8.97	
- for Earlier Year	6.79	
	15.76	0.00
Profit After Taxation	101.43	80.17
ADD: Balance Carried from Previous year	688.80	606.63
Profit available for Appropriation	790.23	688.80
Less: Appropriations		
Transfer to Debentures Redemption Reserve	100.00	0.00
Surplus carried to Balance Sheet	690.23	688.80

Dividend:

In view of the liquidity position and inadequate Profits your Directors feel it prudent not to recommend any Dividend for the year 2001-02.

Capital Expenditure:

During the year the Company has incurred an amount of Rs.1233 lakhs on Capital Expenditure which is mainly towards normal Capital Expenditure and foreign exchange fluctuation.

Safety and Environment Protection:

The Company is paying maximum attention for the Safety and Environmental Protection. A separate cell has been created and entrusted with the responsibility of ensuring safety with a team of Officials working round the clock. Apart from clean and green programmes undertaken both inside and outside the Factory, the Company is in the process of developing Green belt area to protect environment.

Capital Issues:

The Company has allotted on 29.10.2001, 19,30,000 Equity Shares to M/s Industrial Development Bank of India (IDBI) on part

conversion of their loan into equity in terms of M/s IDBI letter ref.no: 15864/FFD(736) dated 29.03.2001.

The Company has also allotted the following Debentures under Private Placement to M/s IFCI Ltd., on 22.01.2002 as a result of financial restructuring sanctioned by the institution letter ref.no:HRO/C-77/2001 dated 20.03.2001.

1. 13% Secured Redeemable Non-Convertible Debentures to the extent of Rs.3,10,76,100 @ Rs.100/- each at par (In respect of restructuring of Bellary Power Project liabilities) (A-SERIES).
2. 13% Secured Redeemable Non-Convertible Debentures to the extent of Rs.33,26,20,000 @ Rs.100/- each at par (In respect of restructuring of Gondiparla Project liabilities) (C-SERIES).
3. 13% Secured Redeemable Optionally Fully Convertible Debentures to the extent of Rs.2,05,17,700 @ Rs.100/- each at par (In respect of restructuring of Gondiparla Project liabilities) (B-SERIES).

Insurance:

Assets of the Company are adequately insured.

Fixed Deposits:

There are no unclaimed or overdue Fixed Deposits during the year.

Directors:

Sri O.D.Reddy and Sri M.P.Murti are retiring by rotation at the ensuing Annual General Meeting and they being eligible for reappointment offer themselves to be re-elected as Directors. A brief profile of Sri.O.D.Reddy and Sri.M.P.Murti is given in the Notice of Annual General Meeting.

Sri.S.Ramadoss, General Manager, IDBI, Mumbai joined the Board in place of Smt.P.S.Prema with effect from 02.08.2001 as IDBI Nominee Director vide its letter Ref.No: CSD.53/420/Nom.8 dated 20.07.2001. The Board of Directors has taken on record and appreciated the valuable suggestions and guidance given by Smt.P.S.Prema during her tenure.

Industrial Relations:

Your Company's Industrial Relations continue to be harmonious and cordial.

Particulars of Employees:

As there were no employee of the Company drawing monthly remuneration of Rs.1,00,000/- or more, particulars of employees as required under section 217(2A) of the Companies Act, 1956 have not been given.

Directors' Responsibility Statement:

As required by the provisions of Section 217(2AA) of the Companies Act, 1956, Directors' Responsibility Statement is attached as Annexure - B.

Explanation to Auditors Qualifications

Auditors' Report - Reservation / Qualifications:

1. Statutory Auditors reservation / qualification mentioned in Point No:vi(1) of the Auditors Report regarding treatment of the interest on loans/debentures from Financial Institutions as Deferred Revenue expenditure, the explanation given in Schedule J - Notes to Accounts Point No:11(1) of Balance Sheet and Profit & Loss Account which is self explanatory.

2. Statutory Auditors reservation/qualification mentioned in point no:vi(2) of the Auditors Report regarding taxes on income, the explanation given in schedule J - Notes to Accounts point no:10 of Balance Sheet and Profit & Loss Account which is self explanatory.

Corporate Governance:

Pursuant to clause 49 of the Listing Agreement, the mandatory requirements relating to Corporate Governance were to be complied with by your Company by 31st March, 2002. Accordingly your Company has taken adequate steps to ensure that all mandatory provisions of Corporate Governance in terms of Clause 49 of the Listing Agreements with the Stock Exchanges, are complied with.

A separate report on Corporate Governance is being incorporated as a part of the Annual Report as "Annexure C", along with a certificate from the Auditors of the Company as "Annexure D" regarding compliance of the conditions of Corporate Governance to the Directors' Report.

Further to comply with Clause 49 of listing agreement "Management Discussion and Analysis" has been given as "Annexure-E" to the Directors' Report.

Auditors:

M/s. Brahmayya & Co. Chartered Accountants, Adoni will retire at the conclusion of this Annual General Meeting and are eligible for reappointment. M/s.Brahmayya & Co. are being proposed for reappointment as Auditors and they will hold office upto the Annual General Meeting of the current year 2002-2003.

Cost Audit:

The Cost Audit under Section 233 B is being carried out by M/S. GEEYES & CO., Cost Auditor of the Company. As per the Central Government Order 52/75/CCAB/91(CLB) dated 23/02/93, Cost Audit is to be done on a regular basis by a qualified Cost Accountant from 1992-93 onwards every year.

Energy Conservation Technology Absorption and Foreign Exchange Earnings and Outgo:

Particulars required to be disclosed under Section 217(2)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are annexed hereto as Annexure - A to this report.

Acknowledgement:

Your Directors wish to express their sincere thanks to Financial Institutions, Bankers, Distributors and Customers for their continued support to the Company. The Directors also acknowledge with gratitude the continued help and support received from the various departments of the Government of India and the Government of Andhra Pradesh and Government of Karnataka.

The Directors place on record their appreciation of the sincerity, commitment and contribution made by the Employees at all levels and this was mainly responsible to carry on the business of the Company during the year smoothly, inspite of difficult economic environment in the country and more particularly in the Chlor-Alkalie Industry.

On behalf of the Board of Directors

Place : Hyderabad.
Date : 30.07.2002

T.G.VENKATESH
Chairman and Managing Director

**ANNEXURE 'A' TO THE DIRECTORS' REPORT**

Particulars pursuant to Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and Section 217(2)(e) of the Companies Act, 1956.

A. Details of Conservation of Energy:

- a) High efficient furnace oil separators are installed at D.G. Power plant to reduce power consumption and also to reduce generation of Furnace oil sludge.
- b) Recovery cones are installed at Fusion plant cooling tower to improve performance of cooling tower.
- c) 2 Nos. 2.6 MVAR Capacitors are commissioned in 11 KV Grid Bus and captive power bus to improve system power factor and to reduce distribution losses in 11 KV system.
- d) Waste Sludge of furnace oil of captive power plant and Bellary Power Plant is utilised in sludge fired boiler to produce steam.
- e) Total energy consumption and energy consumption per unit of production as per the form given below.

FORM - A

Disclosure of Particulars with respect to conservation of energy

	Current Year 31.03.2002	Previous Year 31.03.2001
A. Power and Fuel Consumption		
1. a) Electricity from APTRANSCO Units (KWH)	8672983	1045550
Total Amount (Rs.in Lakhs)	421.70	77.19
Rate/Unit (Rs.)	4.86	7.38
b) Electricity from APGPCL Units (KWH)	42800875	65622319
Total Amount (Rs.in Lakhs)	712.82	1421.75
Rate/Unit (Rs.)	1.67	2.17
c) Own Generation through Diesel Generators Units(KWH)	119228612	87646400
Unit per Lt of Fuel (KWH)	3.82	3.75
Cost/Unit (Rs.)	3.42	3.73
d) Through Wind Form Net Generation (KWH)	2957110	2862086
Rate/Unit (Rs.)	5.37	6.19
2. Coal NIL	NIL	
3. Fuel Oil Qty (KL) (consist of HSD & FO)	31179	23380
Total Amount (Rs.in lakhs)	2952.38	2248.15
Average Rate (Rs/KL)	9469	9616
B. Consumption per MT of Caustic Soda Lye Production		
Number of Units (KWH)	2727	2767

B. Technology Absorption:

Efforts made in technology absorption as per Form B.

FORM - B

01. Specific areas in which R&D carried out by the Company.
 - a) Developed salable sodium hypo from Mother liquor.
 - b) Experiments are in progress to utilise Rice Husk ash to produce Silical gel and precipitated Silica.
 - c) Studies are in progress to develop micronised Barium sulphate to meet specific requirement of certain customers.
02. Benefits derived as a result of R&D
 - a) Due to development of Sodium hypo from Mother liquor effluent can be converted into salable product.
 - b) Rice utilisation of Rice husk ash to make silica gel shall be additional revenue to the Company.
 - c) Development of micronised Barium sulphate to explore the additional sales of Barium sulphate.
03. FUTURE PLANS:
 - a) To utilise locally available Bio-mass fuels effectively for steam generation, power generation and Thermic Fluid heating in place of Furnace oil.
 - b) To recover Glycerine from 12 - HSA by improved technology.

- c) To improve the Grid Power factor still further, we are planning to install Capacitor Banks of 11 KV to reduce HT-Distribution losses and to minimize Harmonic content in the system. Capacitor banks are already ordered and the same will be installed at the earliest.
- d) Arrangements are made to operate Thermopao unit with H₂ gas as a prime fuel in place of furnace oil there by reducing furnace oil consumption and utilising the excess hydrogen gas available.
- e) Arrangements are made to install one more 11 KV /440 volts Transformer near Flaker Units to reduce L.T.power losses and improve voltage for loads.
04. EXPENDITURE ON R & D.
- a) Charged under primary heads
- b) Technology Absorption, Adoption and Innovation.
KoH Fusion plant capacity is increased by modifying the process.
Effective utilisation of Fusion plant cooling water blowdown at 12-HSA plant to reduce utilisation of fresh water.
- c) There is no import of technology during the year.
- C. Foreign Exchange Earnings and outgo:
1. Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services, export plants
- Exported Hydrogenated Castor Oil, 12 Hydroxy Stearic Acid, Soaps and Chlorine and planning to enlarge exports by increasing export quantity and explore export possibility for other products
2. Foreign Exchange earnings and outgo
- | | <u>Rs.in lakhs</u> |
|----------------------------|--------------------|
| a) Foreign Exchange used | 845.66 |
| b) Foreign Exchange earned | 1483.06 |

ANNEXURE 'B' TO THE DIRECTORS' REPORT

Directors' Responsibility Statement

Yours Directors Further confirm that:

- (i) In the presentation of the Annual Accounts, applicable Accounting Standards have been followed along with proper explanation relating to material departure or non-compliance given in notes to accounts and Directors Report.
- (ii) The accounting policies are consistently applied and reasonable, prudent judgment and estimates are made so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year.
- (iii) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) That the Directors had prepared the Annual Accounts on a going concern basis.

On behalf of the Board of Directors

Place : Hyderabad
Date : 30.07.2002.

T.G.VENKATESH
Chairman and Managing Director

ANNEXURE 'C' TO DIRECTORS REPORT

Report on Corporate Governance:

The Management of SRAAC Ltd. hereby confirm and certify that the relevant provisions of Clause-49 of Listing Agreement dealing with "Corporate Governance" have been complied for the year 2001-2002.

The Corporate Governance compliance details are furnished hereunder:

- (1) Company's Philosophy:
The company is committed to a fulfill the objective of good Corporate Governance. The company has complied with almost all the provisions of Corporate Governance before its enactment in the Listing Agreement by respective Stock Exchanges on the order of SEBI. The company is endeavouring to continue the policy of fulfilling its commitment and obligations to the investors and also the society at large.
- (2) Board of Directors:
The Composition of the Board is in compliance with the guidelines given in Clause-49 of the Listing Agreement. The details of Directors attending the Meetings and Date of the Meetings are further furnished hereunder:



Name of the Director	Designation	No. of Board Meetings	
		Held	Attended
(1) Sri T.G.Venkatesh	Chairman and Managing Director	6	6
(2) Sri M.P.Murti	Director	6	6
(3) Smt.P.S.Prema/Sri S.Ramadoss	Director (IDBI Nominee)	6	4
(4) Sri R.S.Sharma/Sri R.Loonkar	Director (IFCI Nominee)	6	4
(5) Sri K.Balarama Reddi	Director (IREDA Nominee)	6	4
(6) Sri P.N.Vedananarayanan	Director	6	4
(7) Sri S.Suryanarayanan	Director	6	2
(8) Sri G.Krishna Murthy	Director	6	6
(9) Sri O.D.Reddy	Director	6	5

During the financial year ended 31st March, 2002, six Board Meetings were held on (1) 11.06.01 (2) 28.07.01 (3) 22.09.01 (4) 29.10.01 (5) 15.01.02 and (6) 30.01.02 respectively.

(3) Audit Committee:

The composition of the Audit Committee is in accordance with the Corporate Governance guidelines and the provisions of 292A of the Companies Act, 1956. The Committee is headed by Sri M.P.Murti, the Senior most independent Director.

Name of the Director	Designation	No. of Meetings	
		Held	Attended
(1) Sri M.P.Murti	Chairman	4	4
(2) Smt.P.S.Prema/Sri S.Ramadoss	Member	4	3
(3) Sri R.S.Sharma/Sri R.Loonkar	Member	4	3
(4) Sri K.Balarama Reddi	Member	4	3
(5) Sri O.D.Reddy	Member	4	4

During the financial year ended 31st March, 2002, four Board Audit Committee Meetings were held on (1) 11.06.01 (2) 28.07.01 (3) 29.10.01 and (4) 30.01.02 respectively.

(4) Remuneration Committee:

The Remuneration Committee has been constituted by the Board in its Meeting held on 11.06.01 with the following Directors as its members. During the year the committee has not met since there was no business to be transacted for fixing/changing remuneration to Directors.

(1) Sri T.G.Venkatesh, Chairman (2) Sri M.P.Murti, Member (3) Sri O.D.Reddy, Member

(5) Shareholders Committee (Investors Grievance Committee):

To comply with the provisions of Corporate Governance the Board in its meeting held on 11.06.01 has constituted Shareholders' Investors Grievance Committee with the following Directors as its members.

Name of the Director	Designation	No. of Meetings	
		Held	Attended
(1) Sri M.P.Murti,	Chairman	1	1
(2) Sri K.Balarama Reddi,	Member	1	—
(3) Sri G.Krishna Murthy,	Member	1	1

During the financial year ended 31st March, 2002, one Investors Grievance Committee Meeting was held on 15.01.02.

(6) General Body meetings:

The last three Annual General Meetings of the Company were held on (1) 30.09.99 (4.00 P.M.) (2) 18.09.00 (4.00 P.M.) and (3) 22.09.01 (4.00 P.M.) at Registered Office, Gondiparla, Kumool - 518 004.

In respect of the special resolutions passed in the above three respective Annual General Meetings necessary Form-23 were filed with ROC. The company has not passed any resolution in respect of which postal ballot is statutorily required.

(7) Disclosures:

None of the transactions with any of the related parties were in conflict with the interests of the Company at large. The details of related party transactions are furnished under Schedule J - Notes to Accounts of Balance Sheet and Profit & Loss account to comply with Accounting Standard 18. The company has not received any notices from Stock Exchange or SEBI regarding non compliance of statutory provisions.

(8) Means of communication:

Quarterly results approved by the Board are published in (1) Indian Express (English) (2) Andhra Prabha (Telugu) newspapers generally. In addition to this, the company is communicating its results to all the Stock Exchanges where the shares are listed. The company is also making presentations to the Financial Institutions with all the details relating its quarterly results. Further it is hereby confirmed that the management discussion and analysis report is part and of parcel of Annual Report.

(9) General Shareholder information:

- a. AGM Date, time and Venue : 27th September, 2002, at 4.00 pm at
Fegd.Off : Gondiparla, Kurnool - 518 004.(A.P).
- b. Financial Calendar : 1st April, 2001 to 31st March, 2002
Un-Audited Financial results for : First Quarter - July'02, Second Quarter- October'02
Third quarter - January'02, Fourth quarter- April'02
- c. Book Closure period : 20.09.2002 to 27.09.2002 (both days inclusive)
- d. Dividend payment date : N.A
- e. The shares of the Company are listed on:
(1) The Hyderabad Stock Exchange Ltd., (Regional Stock Exchange), 3-6-275, Himayat Nagar, Hyderabad - 29. (2) The Stock Exchange - Mumbai, Dalal Street, Mumbai. (3) The Delhi Stock Exchange Association Ltd., New Delhi (4) The Stock Exchange - Ahmedabad, Panjara Pole, Ahmedabad.
The Company has paid listing fee to all the Stock Exchanges.
- f. Dematerialisation of Shares:
SEBI vide its notification Ref.No:SMDRP/POLICY/CIR-/2000 dated 29.05.2000 has made it compulsory for Company's equity shares trading in Dematerialised form from 28.08.2000. M/s M C S Limited, Sri Padmavathi Bhavan, Plot No.93, Road No.16, MIDC Area, Andheri (East), MUMBAI - 400093 has been appointed as Registrar for the Company for establishing connectivity with NSDL and CDSL to facilitate Dematerialisation of shares held by the members. 86,80,992 No.of shares (22.99%) have been Dematerialised as on 31.03.2002 in the Company's shares. Members are requested to take steps to dematerialise their shares held in Physical form, to have easy liquidity. The Company's ISIN No. is:INE284B01010.

g. i) Shareholding pattern as at 31st March, 2002:

CATEGORY	NO.OF SHARES HELD	% AGE
Promoters	17247866	45.67
Mutual Funds and UTI	303815	0.80
Banks & Financial Institutions & Insurance Companies	5270870	13.96
FIs	3000	0.01
Corporate Bodies	1599371	4.23
Indian Public	12189677	32.28
NRIs/OCBs	1150064	3.05
TOTAL	37764663	100.00

ii) Market Price data: The monthly high and low of stock quotations during the last financial year.

STOCK MARKET DATA - (BSE based)

Month & Year	Apr'01	May'01	June'01	July'01	Aug'01	Sep'01	Oct'01	Nov'01	Dec'01	Jan'02	Feb'02	Mar'02
High	5.00	7.00	6.10	5.80	6.50	5.50	4.60	4.60	4.60	3.60	3.50	3.65
Low	3.25	4.05	4.00	3.20	3.15	3.50	2.80	3.60	2.75	2.35	2.35	2.35

The details relating plant location, address for correspondence etc., are furnished in the Annual Reports on a regular basis.

On behalf of the Board of Directors

Place : Hyderabad
Date : 30.07.2002.

T.G.VENKATESH
Chairman and Managing Director